

November 10, 1993

Messrs. J. W. Best
P. J. Cundari
S. G. Hanes
E. M. McAtee

Subject: 1994 Opportunities Budget Allocation

As discussed during our November 4 meeting, each Sales Area will be provided \$1.5 million to use throughout 1994 as you deem appropriate. The \$1.5 million may be used for payment to distributors or other sources, as required, to drive business in your market during 1994.

The money spent, should be tracked in a procedure approved/agreed to by Bob Smith. In addition, the way the money is spent, and with whom, should be periodically reviewed and shared so that "best practices" and accomplishments can be utilized by others.

It was also agreed that you would not be provided specific programs and payment restrictions from Winston-Salem. You have the flexibility to create with your management team what is required. However, the approach and payment should be handled in a manner that is consistent nationally (especially with the distribution community).

Furthermore, it was agreed that you be provided some concepts and ideas to use as you and your management team develop your plans. Therefore, I am attaching some ideas.

Hopefully this is a workable approach and will assist in driving our business. Should you have any questions, or if I can be of any assistance, please call. I look forward to hearing comments as we get into 1994.

Sincerely,



B. D. Hatter

Attachment

cc: Mr. J. F. Baumann	Mr. J. E. Powers
Mr. D. L. Bomgardner	Mr. J. W. Regan
Mr. C. M. Davis	Mr. L. S. Schreiber
Mr. Y. W. Ford, Jr.	Mr. R. S. Smith
Mr. R. S. Hendrix	Mr. W. F. Tucker

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ATTACHMENT EXPLANATION

ATTACHMENT I

- Distributor Assist Programs as available for use during 1993, with fixed standard rates for assembly/delivery of product with promotions and display drive program (C & D calls) at a \$3.00 per carton display payment.

ATTACHMENT II

- A concept you may want to consider which is similar to above with a different payment structure:

Promotions - A two-part payment:

- A. For the assembly and slotting of promotional displays.
- B. A fixed delivery rate for displays sent to retail in a timely manner as RJR designates.

Display Drive

A more flexible program with varying payment rates for different promotional vehicles and different retail call class, i.e., C-D/K-A-B calls. RJR field sales would have no retail involvement with this program.

ATTACHMENT III

- A "straw-man" concept of a program that could be offered to a selected customer to impact the marketplace.
- B. A contractual type agreement that could serve as agreement to execute a program.

Note: Any actual agreement should first be legally approved before presenting to a customer.

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1993 CURRENT DISTRIBUTOR ASSIST PROGRAMSPromotions

- Account assembles and delivers promotion displays to designated retail outlets that RJR contacts with frequency.
- Account assembles promotion display for RJR sales rep pick-up.
- The standardized payment schedule will remain the same for the product handled:

Payment per 12M Case

- Packs w/premium BSGSF	\$28.00
- Cartons w/premium	\$15.00
- Cartons w/coupon	\$10.00
- B1G1F	\$ 9.00
- Variable amount - where higher than standard payment is needed, as approved by your regional manager.	

Display Drive Program (Telemarketing)

This can be offered to incent direct accounts to gain promotional penetration in designated low volume retail outlets where RJR has little or no contact frequency.

The account can earn this additional payment by:

- Assembly of promotional items with product into display unit.
- Sales contact.
- Display delivery/placement.

This can be done by the account by using their direct retail contact, telemarketing, etc., to sell and deliver promotional displays to their retail customers.

Display Payment

To provide consistency for display payment you should establish a \$3.00 per carton allowance with a 4 carton maximum per retail location.

Example:	<u>Display Size</u>	<u>Display Payment</u>
	20 pack	\$ 6.00
	30 pack	\$ 9.00
	40 pack	\$12.00

Display Guidelines

- Only full price brands are to be utilized.
- Direct account will be paid for only one display placement per promotion.

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